HUD PD&R Regional Reports

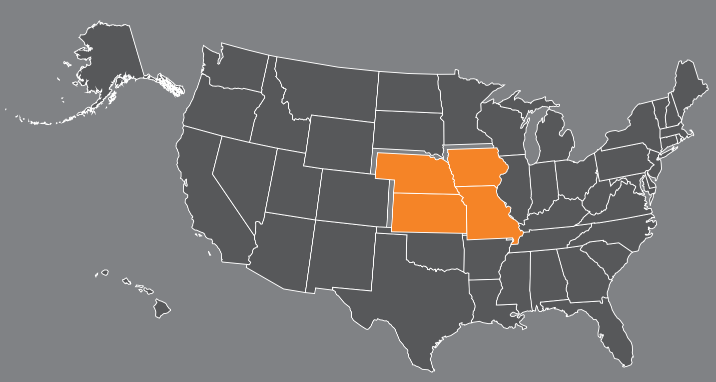
Region 7: Great Plains

Omaha, Nebraska

Quick Facts About Region 7

- **Sales market conditions—**
  Second quarter 2021: mixed (balanced to tight)
  First quarter 2021: mixed (balanced to tight)
  Second quarter 2020: mixed (slightly soft to tight)

- **Apartment market conditions—**
  Second quarter 2021: mixed (balanced to slightly tight)
  First quarter 2021: mixed (balanced to slightly tight)
  Second quarter 2020: mixed (balanced to tight)



By L. David Vertz | 2nd Quarter 2021

Overview

Economic conditions in the Great Plains region improved significantly during the second quarter of 2021 compared with the same period a year ago. Year over year, nonfarm payrolls in the region increased 6.4 percent during the second quarter of 2021. By comparison, year-over-year nonfarm payrolls declined 4.0 percent during the first quarter of 2021. Nonfarm payrolls also declined by 4.7 and 5.2-percent during the fourth and third quarters of 2020, respectively. Since May 2020, the Great Plains economy has recovered approximately 85 percent of the 681,000 jobs lost during March and April 2020 (not seasonally adjusted), reflecting the effects of COVID-19. Sales housing market conditions ranged from balanced to tight in most metropolitan areas in the region during the second quarter of 2021. Apartment market conditions ranged from balanced to slightly tight throughout the region, with the Wichita metropolitan area having the most substantial rent increase—up 7 percent from a year ago.

- Home sales increased in the region during the second quarter of 2021; a 15-percent gain in Kansas led that increase. Home sales prices were up in every state in

continued on page 2

continued from page 1

the region, ranging from a 5-percent increase in Iowa to 12-percent increases in Kansas and Missouri.

- During the second quarter of 2021, apartment absorption in the region totaled 340 units, down from 570 units during the same period a year ago. Although absorption has slowed from a year ago, the current level of absorption follows 2 consecutive quarters of supply outpacing demand. By comparison, from 2010 through 2019, the number of units absorbed in the region during the second quarter of each year averaged 1,700 (Moody's Analytics REIS).

Economic Conditions

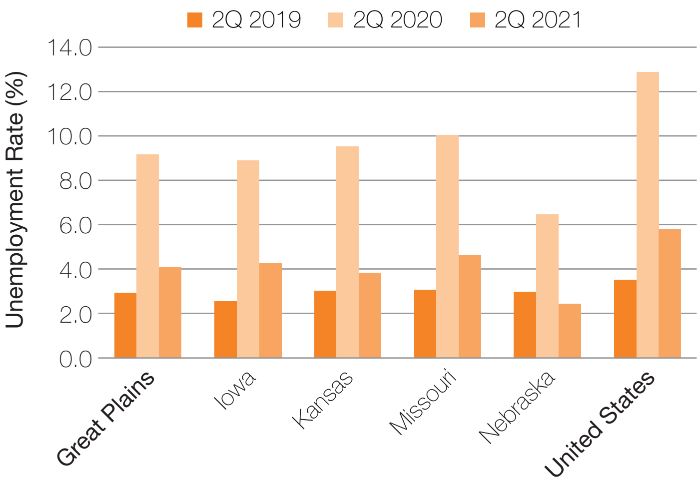
Nonfarm payrolls in the Great Plains region increased 6.4 percent, or by 409,400 jobs, to 6.76 million jobs during the second quarter of 2021, compared with the number of jobs during the same quarter a year earlier. During the second quarter of 2021, the leisure and hospitality sector accounted for nearly 40 percent of the total payroll increase in the region, up 156,800 jobs—a 34.0-percent increase from the same quarter a year ago. Recovery was relatively strong in most service-providing sectors during the second quarter of 2021; the only loss occurred in the information and the financial activities sectors, which declined by 500 and 2,600 jobs, or 0.5 and 0.6 percent, respectively, from the second quarter of 2020. During the second quarter of 2021, the regional unemployment rate decreased to 4.1 percent—down from 9.1 percent during the second quarter of 2020. Year over year, every state in the region recorded a decline in the unemployment rate.

During the second quarter of 2021—

- Nonfarm payrolls in Missouri increased by 188,600 jobs, or 7.1 percent, compared with the number of nonfarm payrolls

continued on page 3

The unemployment rate declined substantially in the Great Plains region from the second quarter of 2020. In Nebraska, the unemployment rate during the second quarter of 2021 represented the lowest rate recorded for the state in more than 2 decades.



2Q = second quarter.
Source: U.S. Bureau of Labor Statistics

The leisure and hospitality sector, which added 156,800 jobs during the second quarter of 2021, led the economic recovery in the Great Plains region.

	Second Quarter		Year-Over-Year Change	
	2020 (Thousands)	2021 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	6,349.7	6,759.1	409.4	6.4
Goods-Producing Sectors	1,051.6	1,090.2	38.6	3.7
Mining, Logging, & Construction	335.7	343.2	7.5	2.2
Manufacturing	715.9	747.0	31.1	4.3
Service-Providing Sectors	5,298.1	5,668.9	370.8	7.0
Wholesale & Retail Trade	933.8	990.7	56.9	6.1
Transportation & Utilities	290.7	308.0	17.3	6.0
Information	95.0	94.5	-0.5	-0.5
Financial Activities	431.3	428.7	-2.6	-0.6
Professional & Business Services	762.0	802.8	40.8	5.4
Education & Health Services	1,015.4	1,066.0	50.6	5.0
Leisure & Hospitality	460.8	617.6	156.8	34.0
Other Services	232.4	252.0	19.6	8.4
Government	1,076.6	1,108.7	32.1	3.0

Note: Numbers may not add to totals due to rounding.
Source: U.S. Bureau of Labor Statistics

continued from page 2

during the same period a year ago; a gain of 76,700 jobs, or 37.2 percent, in the leisure and hospitality sector led that increase.

- In Iowa, the leisure and hospitality sector—with a gain of 34,000 jobs, or 35.6 percent—contributed to an increase in total nonfarm payrolls of 87,500 jobs, or 6.1 percent, from the second quarter of 2020.
- Nonfarm payrolls in Kansas increased by 74,900 jobs, or 5.7 percent, to 1.38 million jobs. Combined, the leisure and hospitality sector and the retail trade subsector increased by 37,400 jobs, accounting for approximately one-half of all jobs added year over year.
- Nonfarm payrolls in Nebraska increased by 58,400 jobs, or 6.1 percent, compared with the number of nonfarm payrolls during the same period a year ago. As of June 2021, Nebraska was the only state in the region to fully recover and exceed the total nonfarm payroll level recorded in March of 2020, before the many countermeasures implemented to contain the spread of COVID-19.

Sales Market Conditions

Home sales increased in the Great Plains region during the 12 months ending June 2021 compared with sales during the same period a year ago. The number of new and existing home sales in the region (including single-family homes, townhomes, and condominiums) increased 9 percent, to approximately 220,800 home sales, compared with the number of homes sold a year ago (Zonda, with adjustments by the analyst). During the same period, the average home sales price in the region increased 10 percent, to $224,800.

Sales housing market conditions ranged from balanced to tight in the large metropolitan areas of the region during the second quarter of 2021. In the Kansas City metropolitan area, the sales market was slightly tight during the 12 months ending June 2021. The number of new and existing homes sold increased 11 percent, to 62,000 home sales, compared with the number sold a year earlier; the average home sales price increased 14 percent, to $306,800 (Zonda, with adjustments by the analyst). The sales market was balanced in the St. Louis area (Franklin, Jefferson, St. Louis, and St. Charles Counties and the city of St. Louis). New and existing home sales decreased 6 percent, to 47,600 homes sold, and the average home sales price increased 8 percent, to $253,100 (Zonda, with adjustments by the analyst). The increase in price reflects an increased demand for single-family homes, whereas the supply of for-sale housing has declined. In the Des Moines-West Des Moines metropolitan area, the sales market was slightly tight. New and existing home sales increased 3 percent, to 16,700 homes sold, and the average sales price increased 7 percent, to $252,100 (Zonda, with adjustments by the analyst). Sales market conditions in the Omaha-Council Bluffs metropolitan area were tight. Total home sales increased 2 percent, to 21,550 homes sold, and the average sales price increased 10 percent,

continued on page 4

Increases in home sales prices in the major metropolitan areas of the Great Plains region were strong during the second quarter of 2021, fueled by a widespread decline in the supply of for-sale housing.

		Number of Homes Sold			Price			
	12 Months Ending	2020	2021	Percent Change	Average	2020 ($)	2021 ($)	Percent Change
Iowa (N&E)	June	34,450	34,900	1	AVG	$194,800	$205,000	5
Des Moines-West Des Moines (N&E)	June	16,250	16,700	3	AVG	$235,500	$252,100	7
Kansas (N&E)	June	38,800	44,650	15	AVG	$190,700	$213,100	12
Kansas City* (N&E)	June	55,950	62,000	11	AVG	$268,700	$306,800	14
Missouri (N&E)	June	114,500	125,000	9	AVG	$211,600	$236,000	12
St. Louis** (N&E)	June	50,700	47,600	-6	AVG	$233,500	$253,100	8
Nebraska (N&E)	June	15,150	16,250	7	AVG	$200,100	$214,800	7
Omaha-Council Bluffs*** (N&E)	June	21,050	21,550	2	AVG	$221,900	$243,600	10

AVG = average. N&E = new and existing.

Notes: All data above include single-family homes, townhomes, and condominiums. * Number of homes sold in Kansas City is captured in the states of both Kansas and Missouri. **Data reflect sales in the city of St. Louis, Franklin County, Jefferson County, St. Charles County, and St. Louis County only. *** Number of homes sold in Omaha-Council Bluffs is captured in the states of both Nebraska and Iowa.

Sources: Zonda, with adjustments by the analyst

continued from page 3

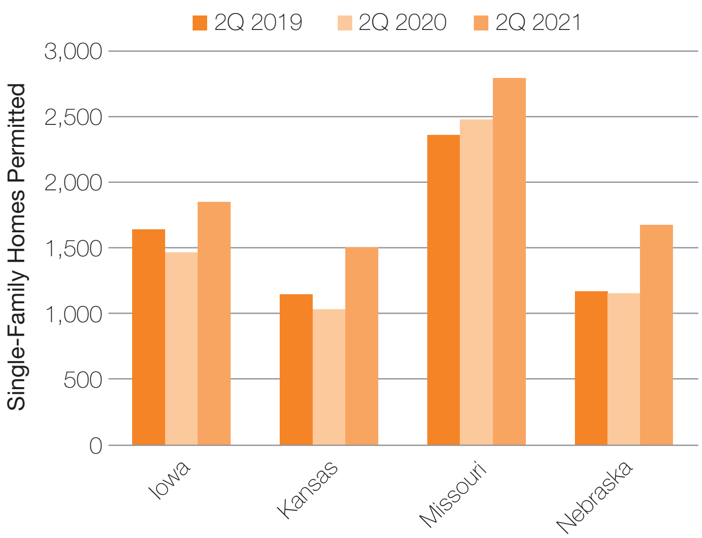
to $243,600, from the same period a year ago (Zonda, with adjustments by the analyst).

The percentage of seriously delinquent mortgage loans (loans that are 90 or more days delinquent or in foreclosure) and real estate owned (REO) properties in the region increased during the past year. As of May 2021, 2.4 percent of home loans in the region were seriously delinquent or had transitioned into REO status—up from 1.3 percent a year ago (CoreLogic, Inc.).

During the second quarter of 2021 (preliminary data)—

- Single-family homebuilding activity in the region, as measured by the number of homes permitted, rose to approximately 7,825 single-family homes—an increase of 1,700 homes, or 28 percent, compared with the number of homes permitted during the second quarter of 2020.
- In Kansas, single-family home permitting increased 45 percent, to 1,500 homes permitted, from the 1,025 homes permitted a year ago. Single-family homes permitted on the Kansas side of the Kansas City metropolitan area increased by a larger rate—approximately 70 percent—to 940 units permitted.
- In Nebraska, the number of single-family homes permitted increased 45 percent, to 1,675 homes, from 1,150 homes permitted a year ago. Single-family homes permitted in the Omaha-Council Bluffs metropolitan area accounted for approximately 70 percent of the statewide gain—up 47 percent, to 1,175 homes, from a year ago.
- In Iowa, the number of single-family homes permitted increased 27 percent, to 1,850 homes, compared with 1,450 homes permitted a year ago. Single-family home permitting in the Des Moines-West Des Moines metropolitan area increased 24 percent, to 1,350 homes, from a year ago.
- In Missouri, single-family home permitting increased 13 percent, to 2,800 homes permitted, from 2,475 homes permitted a year ago because of builders responding to strong gains in home sales prices in the Missouri suburbs of both the Kansas City and St. Louis metropolitan areas.

In the Great Plains region, single-family permitting was up in each state, led by a 45-percent increase in both Kansas and Nebraska.



2Q = second quarter.
Note: Based on preliminary data.
Source: U.S. Census Bureau, Building Permits Survey

Apartment Market Conditions

Apartment market conditions ranged from balanced to slightly tight in most large metropolitan areas in the Great Plains region during the second quarter of 2021. The apartment market in the Omaha metropolitan area was slightly tight, with a 4.4-percent vacancy rate—down from a year earlier—and the average rent was up 5 percent, to $1,011 (ALN Apartment Data, Inc.). Apartment market conditions in the largest markets in Missouri were balanced in the second quarter of 2021. In the Kansas City metropolitan area, the vacancy rate decreased from 6.8 to 5.7 percent, and the average rent increased 5 percent from a year earlier, to $1,115. In the St. Louis metropolitan area, the apartment vacancy rate decreased from 7.1 to 6.3 percent, and the average rent increased 4 percent, to $1,132, from a year earlier. The apartment market was balanced in the Wichita metropolitan area, with a 4.5-percent vacancy rate in the second quarter of 2021—down from 7.1 percent a year earlier—and the average rent increased 7 percent, to $790. In the Des Moines-West Des Moines metropolitan area, the apartment market was balanced during the second quarter of 2021, with a 6.5-percent vacancy rate—up from 6.4 percent a year earlier—and the average rent increased 3 percent, to $997.

During the second quarter of 2021 (preliminary data)—

- Multifamily construction in the region—as measured by the number of multifamily units permitted—increased 19 percent, to 3,425 units, from the second quarter of 2020.
- The number of multifamily units permitted in Missouri increased 28 percent, to 1,425 units, from 1,125 units during the same period a year ago; approximately 85 percent of the multifamily building activity occurred on the Missouri side of both the Kansas City and St. Louis metropolitan areas. On the Missouri side of the St. Louis metropolitan area,

continued on page 5

continued from page 4

During the second quarter of 2021, apartment market conditions ranged from balanced to slightly tight in most major metropolitan areas in the Great Plains region.

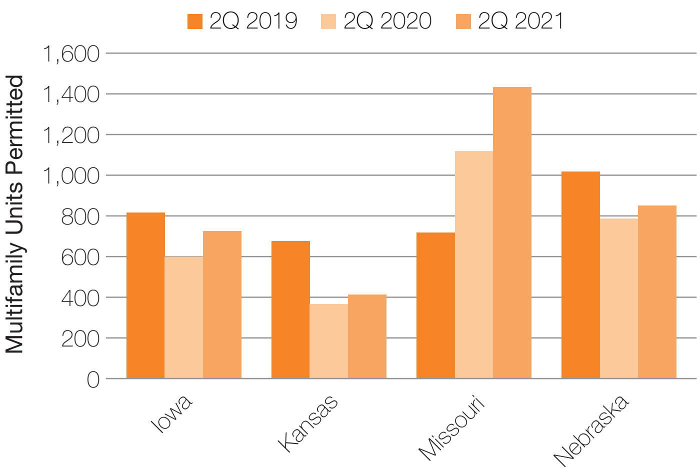
	Market Condition	Vacancy Rate			Average Monthly Rent		
		2Q 2020 (%)	2Q 2021 (%)	Percentage Point Change	2Q 2020 ($)	2Q 2021 ($)	Percent Change
Des Moines-West Des Moines	Balanced	6.4	6.5	0.1	968	997	3
Kansas City	Balanced	6.8	5.7	-1.1	1,062	1,115	5
Omaha	Slightly Tight	5.0	4.4	-0.6	959	1,011	5
St. Louis	Balanced	7.1	6.3	-0.8	1,085	1,132	4
Wichita	Balanced	7.1	4.5	-2.6	739	790	7

2Q = second quarter.
Source: Market condition—Economic and Market Analysis Division; vacancy rate and average monthly rent—ALN Apartment Data, Inc.

approximately 520 multifamily units were permitted, nearly tripling the number of units permitted in the area during the second quarter of 2020.

- In Iowa, 730 multifamily units were permitted—up 21 percent from the 600 units permitted during the same period a year ago; multifamily units permitted in the Cedar Rapids metropolitan area totaled 210 units and accounted for all the statewide gain—up 170 units from a year ago.
- In Kansas, 410 multifamily units were permitted—up 11 percent from the 370 units permitted during the same period a year ago. All of the gain occurred on the Kansas side of the Kansas City metropolitan area, where apartment market conditions are currently tight.
- The number of multifamily units permitted in Nebraska increased 8 percent, to 850 units, from 790 units during the same period a year ago. The number of multifamily units permitted in the Lincoln metropolitan area increased by a larger rate—approximately 16 percent—to 220 units permitted.

Multifamily permitting in the Great Plains region was up from a year ago, led by a 28-percent increase in Missouri.



2Q = second quarter.
Note: Based on preliminary data.
Source: U.S. Census Bureau, Building Permits Survey